

## Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /100 R

DRAFTED BY ARA/AND/E - MR. ALLITTO:LEE

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DESIRED DISTRIBUTION

ARA/ECP FOR DTAHER, EB/IFD FOR DSTEBBING, EB/FSE FOR GRASE,

ARA FOR JGRUNWALD

----- 122075

R 251907Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY QUITO

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L STATE 211262

E.O. 11652: GDS

TAGS: ENRG, PFOR, EC

SUBJECT: GULF OIL'S CONTROVERSY WITH THE GOVERNMENT OF  
ECUADOR (GOE)

REF: (A) QUITO 5932; (B) QUITO 5950

1. NESTOR ORTIZ (GULF OIL DIRECTOR FOR INTERNATIONAL AF-  
FAIRS) CALLED COUNTRY OFFICER ALLITTO AUGUST 23 TO COMPARE  
NOTES ON THE RESULTS OF THE MEETINGS HELD IN QUITO LAST  
WEEK. AS NOTED IN PREVIOUS DEPARTMENT CABLES, ALLITTO  
FOUND ORTIZ TO BE NOT FULLY INFORMED, ALTHOUGH IN THIS CASE  
ORTIZ OBTAINED HIS INFORMATION SECONDHAND (GULF PRESIDENT  
FOR LATIN AMERICA T.D. LUMPKIN BRIEFED AN INTERMEDIARY WHO  
BRIEFED ORTIZ), AND MAY NOT BE TOLD EVERYTHING BY HIS  
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SUPERIORS ANYWAY. ORTIZ DID, HOWEVER, CONFIRM THE FOLLOW-

ING:

A. THAT GULF IS WITHHOLDING \$68 MILLION, OF WHICH ABOUT \$27-33 MILLION IS OVERDUE;

B. THAT GULF HAS DECIDED TO BEGIN CASH PAYMENTS FOR SHIPMENTS, STARTING WITH THE AUGUST 23 SHIPMENT;

C. THAT THIS INTERIM COMPROMISE WILL CONTINUE UNTIL AT LEAST AUGUST 31, AT WHICH TIME GULF HOPES A LONG-TERM SOLUTION WILL BE REACHED WITH THE GOE CONCERNING DECREE 285 AND A VIABLE ECONOMIC ARRANGEMENT;

D. THAT GULF DOES NOT BELIEVE THE GOE WILL CANCEL THE CONCESSION;

E. THAT THE SUPREME COUNCIL LAST WEEK ORDERED MINISTER OF NATURAL RESOURCES VARGAS TO COME UP WITH A LONG-TERM SOLUTION;

F. THAT IF VARGAS DOES SO, GULF WILL IMMEDIATELY RELEASE THE \$27-33 MILLION THAT IS OVERDUE, AND WILL PROBABLY DROP THE SUIT IN LOS ANGELES OVER THE CARGO OF THE TANKER "RUTH"

G. THAT GULF IS NOW MORE OPTIMISTIC ABOUT THE POSSIBILITIES OF ACHIEVING A LONG-TERM SOLUTION THAN IT WAS BEFORE LAST WEEK'S MEETINGS; AND

H. THAT GULF BELIEVES THAT ITS PRESSURE TACTICS HAVE PRODUCED WHAT PROGRESS THERE HAS BEEN TO DATE.

2. CONCERNING REFTEL B; THE DEPARTMENT IS DEBATING ITS COURSE OF ACTION, AND WILL DEFINITELY NOTIFY YOU ONCE A DECISION IS MADE. KISSINGER

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NNN

## Message Attributes

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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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